

Preliminary For Review

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

OCTOBER 22, 2007

The State Building Commission Executive Subcommittee met this day at 10:30 a.m. in the Executive Conference Room, Ground Floor, State Capitol, Nashville, Tennessee.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

John Morgan, Comptroller of the Treasury
Dale Sims, State Treasurer
Riley Darnell, Secretary of State

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS ABSENT

Dave Goetz, Commissioner, Department of Finance and Administration

OTHERS PRESENT

Mike Fitts, State Architect
Georgia Martin, State Architect's Office
Alan Robertson, State Architect's Office
Charles Garrett, Real Property Administration
Jurgen Bailey, Real Property Administration
Charles Harrison, Comptroller's Office
Janie Porter, Attorney General's Office
Genie Whitesell, Attorney General's Office
Mark Wood, Secretary of State's Office
Nathan Burton, Treasurer's Office
Pat Haas, Bond Finance
John Carr, Finance & Administration
Dennis Raffield, THEC
Mark Cherpach, Finance & Administration
Mike Morrow, Finance & Administration
Jerry Preston, Tennessee Board of Regents
David Gregory, Tennessee Board of Regents
Nancy Blevins, Finance & Administration
Bill Rusie, General Services
Karen Dyer, General Services
Diane Uhler, Tennessee Board of Regents
Norma Macrae, East Tennessee State University

Dr. Bert Bach, East Tennessee State University
Dr. Paul Stanton, East Tennessee State University
Bill Rasnick, East Tennessee State University
Dr. David Collins, East Tennessee State University
Bob Qualey, Real Property Administration
Gary Rogers, University of Tennessee
Alvin Payne, University of Tennessee
George Criss, University of Tennessee
Robbi Stivers, University of Tennessee
Butch Peccolo, University of Tennessee
George Brummett, Finance and Administration
Annette Crutchfield, Legislative Budget
Karen Hale, Comptroller's Office

Comptroller Morgan called the meeting to order at 10:37 a.m. and requested action on the following matters as presented by State Architect Mike Fitts.

* * * * *

UNIVERSITY OF TENNESSEE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Knox County – 2.28 +/- acres with improvements – 1527 White Avenue, Knoxville, TN – Trans. No. 07-08-012 (GM)

Purpose: Acquisition in Fee to purchase the property for University usage.

Source of Funding: Tennessee State School Bond Authority

Estimated Cost: Fair Market Value

Owner(s): University of Tennessee Foundation, Inc.

SSC Report: 10-15-07. Jurgen Bailey summarized the transaction. Alvin Payne stated that this property was completed in 2004 under the name of Volunteer Student Housing, LLC. He stated that the building is in good shape with only one problem. The stucco (EIFS) on the building will need to be replaced within the next 5 – 7 years at a cost of \$1.7 million. UT requested that we accept the appraisal completed by State approved appraiser of \$56 million. Staff recommended F & A review and approval of the submitted appraisal and that UT receives approval from their Board of Trustees on Friday October 19. Staff referred to Sub-committee with recommendation.

SC Action: 10-22-07. Charles Garrett stated that one appraisal had been done by a State approved appraiser and a second appraisal was in order. He said the purchase price was not to exceed fair market value, and the University of Tennessee would like to close on the property by the end of the year. Comptroller Morgan asked what the outstanding debt was on the property. Butch Peccolo, Vice President and Treasurer, responded that there is currently \$58.2 million in bonded debt and approximately \$3.7 million in reserves, and some operating and maintenance reserves, depending when it closes, leaving about \$54.5 in outstanding debt. Comptroller Morgan asked if that would become the purchase price, and was told "yes". Comptroller Morgan asked what would happen if the second appraisal was less than the outstanding debt, and would they have to go back to the Foundation to pay the difference. He said they need to understand that this project is a separate process under the SBC and that different questions would be asked under the TSSBA process. He added that if they

University of Tennessee – continued:

approve this request, there is still that step with TSSBA and there would be more discussions. Butch Peccolo responded that, when they do the proforma at 7.5%, there will be an additional amount required to show that it would cash flow. At the anticipated debt issuance rate the project will cash flow. Secretary of State Darnell asked if this qualifies for tax-exempt status and was told "yes". Comptroller Morgan said he didn't know what it costs to get another appraisal, but it made sense to him to make it as cheap a transaction as they can get and let the transaction not exceed the outstanding debt, if the TSSBA is comfortable with the numbers.

Treasurer Sims stated that they were where they were, and agreed with Mr. Morgan that there is no reason to impose a cost on students. He said that he supported moving forward with the current appraisal and any further actions required would be contingent upon the TSSBA. Secretary of State Darnell asked if they had inquired of the Attorney General's Office whether or not this appraisal was flawed. He then moved that they approve the request, subject to review by the Attorney General, approval by the U.T. Board of Trustees and TSSBA, along with approval to use the existing appraisal only. After discussion, the Subcommittee approved Secretary of State Darnell's motion without objection.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Blount County – 2731 West Lamar Alexander Parkway (39.56 +/- acres), Maryville, TN – Trans. No. 07-10-001 (BW)</u>
Purpose:	Acquisition in Fee to provide a new site for the relocation of Pellissippi State Blount County Campus. A 17.2 million project is funded for 07-08 to buy property and construct the new facilities.
Source of Funding:	Project #166/032-03-2007 - \$17,200,000.00 07-08 funds Capital Outlay
Estimated Cost:	\$30,000.00 per acre or \$1,186,800.00
Owner(s):	J.A. Bumgarner & D. M. Petree
SSC Report:	10-15-07. Jurgen Bailey summarized the transaction. Jerry Preston stated that the Board had evaluated several sites for a new campus site for the Pellissippi State Technical School Community College Blount County Center. They think that this is the best site that they have found. Estimated cost for the site is \$30,000 per acre or \$1,186,800. Jerry Preston stated that the \$17.2 million dollar project was fully funded and approved. Staff referred to Sub-Committee with recommendation.
SC Action:	10-22-07. Jerry Preston stated that the existing site is becoming commercial and they do not have room for expansion. He said the Board has been looking for property for some time and this is the site that has been selected. He said that the existing property was given to the State by the county and that there is a reversionary clause that the land had to be used for educational conditions but the current county commission had passed a resolution not to exercise the reversionary provision and to allow the proceeds of the sale of the property to be used by the College for the purchase of the new site. He said that the right-of-way for the industrial access road that is planned through the existing property will be given back to the county. Treasurer Sims asked if the proceeds will exceed the cost of the new property, and he was told "yes". Mr. Preston stated that is originally thought that we would swap the existing site of 15 acres for a new site of approximately 40 acres and that the swap would be even. As it has turned out the existing Blount County Center site has been appraised at \$3M so we plan to sell the existing site and purchase the new site with the proceeds and any additional monies being incorporated into the project. Comptroller Morgan asked why, if the land sales of the existing campus exceeded the cost of the purchase of the new land, the State wouldn't get the benefit of the extra monies. Treasurer Sims questioned the 20-mile proximity between campuses. Mr. Preston said the college was growing and it will be hard to keep up with having enough space to serve all the people who want to go there. After discussion, the Subcommittee approved the request as presented.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN APPRAISAL, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Washington County – ETSU, Corporate, Executive & Professional Training Institute in the Regency Tower at the Millennium, Johnson City, TN – Trans. No. 07-10-002 (BW)</u>
Purpose:	Acquisition in Fee to acquire a Condominium in the Regency Tower of 19,704 square feet located at the edge of the campus.
Source of Funding:	Proposed financing is \$4 million from TSSBA (20 yr debt) \$500,000.00 from reserves
Estimated Cost:	Fair Market Value
Owner(s):	Carnegie Development Group, LLC
Comment:	TBOR request approval to enter into formal negotiations with the developer. This acquisition of this property would offer programs targeted toward professional working adults in an executive setting with convenient access.
SSC Report:	10-15-07. Jurgen Bailey summarized the transaction. Jerry Preston stated that they would like to have approval to negotiate with the developer to determine if this acquisition of the Regency Tower is a feasible project. Bond Finance has requested to defer until all the funding concerns have been worked out. Jerry stated that the entire project will be brought back for final approval at some future date. Staff referred to Sub-Committee for discussion.
SC Action:	10-22-07. Charles Garrett stated that they were requesting conceptual approval until a purchase price could be agreed upon. Comptroller Morgan stated that he had two concerns: (1) the use of tuition as a source of funding for debt, which has never happened as explicitly before, and (2) what happens if we don't sell enough spots to get adequate funding. Jerry Preston responded to the first concern by emphasizing that they see it as entrepreneurial opportunity to provide specialized education to working adult professionals in an executive setting rather than mainstream academics. Dr. Paul Stanton mentioned that they are the only accredited College of Business in the region and this would add quality when someone was looking for a top-notch program. He said the 25 AMBA slots were not the only program they were looking at and that they have about 10-12 additional opportunities beyond the AMBA program. Comptroller Morgan asked if the accelerated MBA hours feed into the funding formula and was told "yes". He asked, in terms of the issue of tuition, were there other projects where they were using credit hours fees to service debt, and

Tennessee Board of Regents – continued:

Mr. Preston responded, "the Advanced Visualization Lab project at ETSU which is a debt service lease". Mr. Preston stated their proforma was based on 7% at 25 years. He said they feel like these revenues could cover the cost to service the debt. He said they asked ETSU to be very conservative with their proforma to make it realistic. They hope to be able to throttle the term down to 20 years. Secretary of State Darnell asked what they would use to pay the difference if they were short. He said he would feel better if they used operating funds as it is a dangerous thing for us to get into. Treasurer Sims asked if this had been disclosed, and Mr. Preston replied "no", that acquisitions and leases don't need to be. Treasurer Sims said he understands there is financial risk involved in almost everything and that he was concerned what the response will be when, as an example, nursing students were asked to do the same thing. He added that he hoped they won't get where the students bear the full cost. Dr. Stanton said they should look at these kinds of situations on a case by case basis and see if it has value added, is going to work, and do the students want it.

Mr. Garrett said the request was for approval to negotiate and bring back for final approval. Mr. Preston commented that they were not uncomfortable bringing this, but would be very uncomfortable bringing chemistry, math or other such mainstream programs. Treasurer Sims commented that there is a policy risk here. Secretary of State Darnell commented that he would be more comfortable if the supporting funding did not show up as student tuition. After discussion, Subcommittee approved negotiating and bringing their requested action back for approval.

TENNESSEE BOARD OF REGENTS

LEASE AMENDMENT

Review of a request for APPROVAL of the following LEASE AMENDMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: **Shelby County – 500 Winchester Blvd., Collierville, TN – Trans. No. 07-10-907**

Purpose: To provide classrooms/office/computer rooms spaces for the University of Memphis

Term: January 1, 2008 thru December 31, 2008 (1 yr)

Proposed Amount: 19,800 Square Feet
Annual Contract Rent Incl Utility &
Janitorial Cost: \$189,960.00 @\$9.59/sf
Total Annual Effective Cost: \$189,960.00 @\$9.59/sf

Current Amount: 19,800 Square Feet
Annual Contract Rent Incl. Utility &
Janitorial Cost: \$184,428.00 @\$9.31/sf
Total Annual Effective Cost: \$184,428.00 @\$9.31/sf

Type: Amendment #9 – Negotiated (Amendments 1 thru 6 was never done thru Staff Sub Committee it was handled by BOR)

FRF Rate: \$18.00 per square foot

Lessor: Carrier Corporation

SSC Report: 10-15-07. Bob King summarized the transaction. Staff referred to Sub-Committee with recommendation upon that the Board of Regents will advertise for the space within this time frame.

SC Action: 10-22-07. Charles Garrett presented the transaction. He stated that they would advertise for permanent space next year. Subcommittee approved the request as presented.

TENNESSEE BOARD OF REGENTS

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: Hamilton County – 5600 Brainerd Road, Chattanooga, TN – Trans. No.

Purpose: To provide classroom and office space for the Chattanooga State Technical Community College for educational purposes.

Term: January 1, 2008 thru December 31, 2013 (5 yrs.)

Proposed Amount:	<u>14,796 Square Feet</u>		
	Annual Contract Rent:	\$157,873.32	@\$10.67/sf
	Est. Annual Utility Cost:	\$ 20,714.40	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 16,275.60</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$194,863.32	@\$13.17/sf

Current Amount: None

Type: New Lease –Negotiated – Received only one (1) proposal.

FRF Rate: \$18.00 per square foot

Purchase Option: No

Lessor: Eastgate Town Center

Comment: The proposed lease provides: (1) Lessor shall construct 14,796 rsf interior build-out/improvements at no additional cost to the State, and (2) proposed lease has 120 days cancellation clause except for cause and/or lack of funding.

SSC Report: 09-17-07. Bob King summarized the transaction. Jerry Preston stated the importance of this transaction. Staff referred to Sub-Committee with recommendation.

SC Action: 09-24-07. Charles Garrett presented the transaction. Subcommittee approved the request as presented.

Request: Requesting approval for Termination for Convenience: The State may terminate this Lease at any time after the third (3rd) year by giving written notice to the Lessor at least 180 days prior to the date when such termination becomes effective, in which case Lessee shall reimburse to the Lessor the un-amortized portion of TI cost, based on a five (5) year period, and which has been furnished by the Lessor. Said notice shall commence on the day after the date of mailing.

Tennessee Board of Regents – continued:

SC Action: 10-22-07. Charles Garrett stated the transaction had already been approved, and they were requesting approval to add the Termination clause to the agreement. Subcommittee approved Mr. Garrett's request without objection.

TENNESSEE BOARD OF REGENTS

UNIVERSITY OF MEMPHIS, MEMPHIS, TENNESSEE

- 1) Approved a request for a revision in estimated project cost and funding from \$45,900,000.00 to \$50,900,000.00 (\$5,000,000.00 increase) and acknowledgment of the source of funding for **University Center Replacement** at the University of Memphis, Memphis, Tennessee.

Revised Estimated Project Cost: **\$50,900,000.00**
SBC Project No. *166/007-08-2002*

DISCUSSION OF BIDS

- 1) East Tennessee State University, Johnson City
 (Sherrod Renovation)
 SBC Project No. 166/005-02-1998
 Bid date: 09-26-2007
 SC Action: Deferred action

DEPARTMENT OF FINANCE AND ADMINISTRATION

CAPITOL COMPLEX, NASHVILLE, TENNESSEE

- 1) State Architect Mike Fitts presented a request by the Department of General Services to present a security plan, approval of a project and acknowledgment of the source of funding by the Department of Finance and Administration, authorization to issue an RFP for selection of a security vendor and implementation of Phase 1 for **Security Improvements** at the Capitol Complex, Nashville, and selection of a design consultant for the project.

Mr. Fitts introduced Assistant Commissioner Bill Rusie, Department of General Services, who presented their security plan to the Subcommittee. Treasurer Sims asked if USIS was selected as the State's security consultant, and if the State was moving away from the way the plan was suggested. Mr. Rusie responded that they had stayed with the recommendations in part as they have done additional research since 2004. Treasurer Sims said he hoped they were not headed down a path that, two years from now, they get chastised for deviating from the recommendations of the previous security consultants. Mr. Rusie responded that they will have the capability to centralize or decentralize. Treasurer Sims said he hoped what they have been relying on now has the same credentials as those in 2004. Mr. Fitts stated that the intent is to go out with an RFP to establish a vendor to provide the master system that can be used for the first pilot program and which can be expanded at will to provide for additional security systems where needed as money becomes available to implement. Comptroller Morgan asked if there were to be any physical ramifications for the Legislative Plaza at this time, and Mr. Fitts said "no". Subcommittee approved the request as presented, and the selection of Centric Architecture as design consultant for the project.

Estimated Project Cost: **\$2,500,000.00**
SBC Project No. 529/000-27-2007

STATE BUILDING COMMISSION

MINUTES OF EXECUTIVE SUBCOMMITTEE MEETING

- 1) Approved the Minutes of the Executive Subcommittee meeting held on September 24, 2007.

ROSS CREEK LANDING

- 1) Commissioner Jim Fyke was recognized and stated that several months ago the Subcommittee approved an amendment to a lease with The Hassell Foundation. The amendment ended on September 30, 2007 and they were hoping to have a buyer for the golf course. He said he was asking that the amendment be extended to October 31, 2007 to give them time to identify an appropriate buyer. Commissioner Fyke said if they don't have a successful buyer, they would have to go back through the State process. Comptroller Morgan said, in that case, they would need help and should retain someone to help market the property. Treasurer Sims said the State desires to be made whole to the extent it can be made whole. Comptroller Morgan stated that, if these two offers don't materialize, the State should proceed to obtain the assistance of professional marketing services in disposing of this property. After discussion, the Subcommittee approved the lease extension to October 31, 2007, and authorized the selection of a nationally recognized professional marketing firm, if needed, utilizing the State's standard RFP process.

SBC Project No. 126/000-04-1996

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Following approval of the Consent Agenda, the meeting adjourned at 12:04 p.m.

CONSENT AGENDA

Approved the following real property transactions which have been reviewed and recommended for approval by Sub-Committee staff:

- A. Agency: Department of Agriculture – Lewis County
Transaction: Disposal in Fee
Provision: Waiver one appraisal & advertisement
- B. Agency: Tennessee Wildlife Resources Agency – Crockett County
Transaction: Acquisition in Fee
- C. Agency: Tennessee Wildlife Resources Agency – Crockett County
Transaction: Acquisition in Fee
- D. Agency: Department of Environment & Conservation – Stewart County
Transaction: Acquisition by Easement
Provision: Waiver of appraisals & advertisement
- E. Agency: Department of Environment & Conservation – Humphreys County
Transaction: Acquisition in Fee
- F. Agency: Department of Environment & Conservation – Gibson County
Transaction: Acquisition by Easements
Provision: Waiver of appraisals
- G. Agency: Department of Mental Health & Development Disabilities – Shelby County – Shelby County
Transaction: Lease Agreement
Provision: Waiver of advertisement
- H. Agency: Department of Health – Hamilton County
Transaction: Lease Agreement
Provision: Waiver of advertisement
- I. Agency: Department of Health – Madison County
Transaction: Lease Agreement
- J. Agency: Department of Safety DLI & THP – McMinn County
Transaction: Lease Agreement
- K. Agency: Finance & Administration for Mental Retardation – Washington County
Transaction: Lease Agreement
- L. Agency: Tennessee Foreign Language Institute – Davidson County
Transaction: Lease Amendment

A.

DEPARTMENT OF AGRICULTURE

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER ONE APPRAISAL AND ADVERTISEMENT as required by TCA 4-15-102 and 12-2-112:

Description:	<u>Lewis County – 0.08 +/- acres - Garrison Road, Hohenwald, TN – Trans. No. 07-09-003 (FB)</u>
Purpose:	Disposal in Fee to sell a portion of a tract that overlaps Mr. Seber driveway.
Estimated Sale Price:	Fair Market Value
Grantee:	Raymond Berry Seber
SSC Report:	10-15-07. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	10-22-07. Subcommittee approved the requested as presented.

B.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Crockett County – 22 +/- acres – Humboldt, TN – Trans. No. 07-10-005 (RJ)

Purpose: Acquisition in Fee to increase hatchery capacity through the addition of several rearing ponds.

Source of Funding: TWRA License Funds

Estimated Cost: Fair Market Value

Owner(s): Jerry Strom

SSC Report: 10-15-07. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 10-22-07. Subcommittee approved the requested as presented.

C.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Crockett County – 12 +/- acres – Humboldt, TN – Trans. No. 07-10-006 (RJ)

Purpose: Acquisition in Fee to increase hatchery capacity through the addition of several rearing ponds.

Source of Funding: TWRA License Funds

Estimated Cost: Fair Market Value

Owner(s): Kenneth Cox etux

SSC Report: 10-15-07. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 10-22-07. Subcommittee approved the requested as presented.

D.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, WAIVER of ADVERTISEMENT & APPRAISALS not to exceed the appraised value for the property being acquired:

Description:	<u>Stewart County – 124.53 +/- acres – Cherry Tract, Dover, TN – Trans. No. 07-10-003 (FB)</u>
Purpose:	Acquisition by Easement for conservation of core battlefield property called the Battle of Fort Donelson (Civil War).
Source of Funding:	State Land Acquisition Funds
Estimated Cost:	Gift
Owner(s):	Civil War Preservation Trust
SSC Report:	10-15-07. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	10-22-07. Subcommittee approved the requested as presented.

E.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: **Humphreys County – 453 +/- acres – Duck River Cache, Waverly, TN – Trans. No. 07-10-004 (FB)**

Purpose: Acquisition in Fee for protection of Link Farm and sensitive Indian Village & ceremonial sites

Source of Funding: State Land Acquisition Funds

Estimated Cost: \$950,000.00

Estimated Title,
Appraisal and
Survey Fees: Fair Market Value

Owner(s): Dr. Arthur Cushman

SSC Report: 10-15-07. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 10-22-07. Subcommittee approved the requested as presented.

F.

DEPARTMENT OF ENVIRONMENT AND CONSERVATION

LAND ITEM

Review of a request for APPROVAL to ACCEPT DONATED BOTTOMLAND TIMBER AND CONSERVATION EASEMENTS, WITH WAIVER OF APPRAISALS in the following real properties.

Description:	<u>Gibson County – 222+/- acres along the Forked Deer River & Obion River – Trans. No. 07-10-009 (JB)</u>
Purpose:	These are donated easements required by a 1985 Federal Court Order for West TN. River Basin Authority
Funding:	Donated Easements
Grantee:	West Tennessee River Basin Authority
SSC Report:	10-15-07. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	10-22-07. Subcommittee approved the requested as presented.

G.

**DEPARTMENT OF MENTAL HEALTH &
DEVELOPMENT DISABILITIES**

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: **Shelby County – 12 East Belz Blvd., Memphis, TN – Trans. No. 07-09-909 (AL)**

Purpose: To provide warehouse/storage space for extra beds, mattress, equipment and maintenance tools.

Term: September 1, 2007 thru August 31, 2008 (1 yr)

Proposed Amount: 12,000 Square Feet
Annual Contract Rent: \$72,000.00 @\$6.00/sf
Total Annual Effective Cost: \$72,000.00 @\$6.00/sf

Current Amount: None

Type: New Lease – Negotiated

FRF Rate: \$6.50 per square foot

Purchase Option: No – warehouses

Lessor: Ewing Moving Services, Inc.

Comment: Proposed lease has no cancellation except for cause and/or lack of funding.

SSC Report: 10-15-07. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 10-22-07. Subcommittee approved the requested as presented.

H.

DEPARTMENT OF HEALTH

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: Hamilton County – 1501 Riverside Drive, Suite 240, Chattanooga, TN – Trans. No. 07-09-908 (AL)

Purpose: To provide TB Lab and offices

Term: November 1, 2007 thru October 31, 2008 (1 yr)

Proposed Amount: 4,325 Square Feet

Annual Contract Rent Incl. Utilities		
Cost:	\$60,550.00	@\$14.00/sf
Est. Annual Janitorial Cost:	<u>\$ 4,757.50</u>	<u>@\$ 1.10/sf</u>
Total Annual Effective Cost:	\$65,307.50	@\$15.10/sf

Current Amount: None

Type: New Lease – Negotiated

FRF Rate: \$18.00 per square foot

Purchase Option: No – Multi tenant

Lessor: Tallen Holdings

Comment: Proposed lease has no cancellation except for cause and/or lack of funding and lessor to provide utilities at no additional cost to the State.

SSC Report: 10-15-07. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 10-22-07. Subcommittee approved the requested as presented.

I.

DEPARTMENT OF HEALTH

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Madison County – 2975-C Highway Bypass, Jackson, TN – Trans. No. 06-05-908 (AL)

Purpose: To provide office space for county operations

Term: January 1, 2009 thru December 31, 2019 (10 yrs)

Proposed Amount:	<u>13,795 Square Feet</u>		
	Annual Contract Rent:	\$137,250.00	@ \$ 9.95/sf
	Est. Annual Utility Cost:	\$ 19,313.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 15,175.50</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$171,738.00	@ \$12.45/sf

Current Amount:	<u>9,920 Square Feet</u>		
	Annual Contract Rent Incl. Utilities		
	Cost:	\$71,920.00	@ \$ 7.25/sf
	Est. Annual Janitorial Cost:	<u>\$10,912.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$82,832.00	@ \$ 8.35/sf

Type: New Lease – Advertise – Received five (5) proposals from four (4) proposers.

FRF Rate: \$18.00 per square foot

Purchase Option: No

Lessor: A & M Investments

Comment: The proposed lease provides (1) Lessor shall renovate 13,795 sq. ft. of existing building include exterior & interior tenant build-out at no additional cost to the State, and (2) proposed lease has no cancellation for the first five (5) years except for cause and/or lack of funding and 180-days thereafter.

SSC Report: 10-15-07. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 10-22-07. Subcommittee approved the requested as presented.

DEPARTMENT OF SAFETY

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: McMinn County – 500 Congress Parkway South, Athens, TN – Trans. No. 07-05-905 (AL)

Purpose: To provide office space for DLI & THP

Term: December 1, 2008 thru November 30, 2018 (10 yrs)

Proposed Amount:	<u>6,100 Square Feet</u>		
	Annual Contract Rent:	\$ 91,896.00	@\$15.06/sf
	Est. Annual Utility Cost:	\$ 8,540.00	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 6,710.00</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$107,146.00	@\$17.56/sf

Current Amount: None

Type: New Lease – Advertise – Received five (5) proposals from three (3) proposers.

FRF Rate: \$14.00 per square foot

Purchase Option: Yes – 1 thru 10

Lessor: Williams Family Properties, LP

Comment: The proposed lease provides (1) Lessor shall construct a new facility of 6,100 rentable sq. ft. include exterior & interior tenant build-out at no additional cost to the State, and (2) proposed lease has no cancellation for the first five (5) years except for cause and/or lack of funding and 180-days thereafter.

SSC Report: 10-15-07. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 10-22-07. Subcommittee approved the requested as presented.

K.

FINANCE & ADMINISTRATION
for
MENTAL RETARDATION SERVICES

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Washington County – Lot 1, Tract 2 Wayfield Drive, Johnson City, TN – Trans. No. 06-11-907 (JS)

Purpose: To provide office space for county operations

Term: January 1, 2009 thru December 31, 2018 (10 yrs)

Proposed Amount:	<u>9,534 Square Feet</u>		
	Annual Contract Rent:	\$107,112.00	@\$11.23/sf
	Est. Annual Utility Cost:	\$ 13,347.60	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 10,487.40</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$130,947.00	@\$13.73/sf

Current Amount:	<u>2,500 Square Feet</u>		
	Annual Contract Rent Incl. Utility & Janitorial Cost:	<u>\$17,500.00</u>	<u>@\$7.00/sf</u>
	Total Annual Effective Cost:	\$17,500.00	@\$7.00/sf

Type: New Lease – Advertise – Negotiated – Received ten (10) proposals from six (6) proposers

FRF Rate: \$18.00 per square foot

Purchase Option: No – Multi-tenant property

Lessor: David K. Quillen

Comment: The proposed lease provides (1) Lessor shall construct a new facility of 9,534 sq. ft. of include exterior & interior tenant build-out at no additional cost to the State, and (2) proposed lease has no cancellation for the first five (5) years except for cause and/or lack of funding and 180-days thereafter.

SSC Report: 10-15-07. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 10-22-07. Subcommittee approved the requested as presented.

TENNESSEE FOREIGN LANGUAGE INSTITUTE

LEASE AMENDMENT

Review of a request for APPROVAL of the following LEASE AMENDMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: Davidson County – 227 French Landing Drive, Suites 125 & C1, Nashville, TN – Trans. No. 07-08-915 (JS)

Purpose: To provide additional space for conference/training classroom

Term: November 1, 2007 thru July 31, 2011 (3 yrs. 9 mons)

Proposed Amount: 5,427 Square Feet
Annual Contract Rent Incl. Utility & Janitorial Cost: \$84,188.16 @\$15.51/sf
Total Annual Effective Cost: \$84,188.16 @\$15.51/sf

Current Amount: 5,016 Square Feet
Annual Contract Rent Incl. Utility & Janitorial Cost: \$76,995.60 @\$15.35/sf
Total Annual Effective Cost: \$76,995.60 @\$15.35/sf

Type: Amendment #1 – Negotiated

FRF Rate: \$18.00 per square foot

Lessor: Heritage Place Partners, LLC

Comment: The proposed amendment provides additional 411 square feet include exterior & interior tenant build-out at no additional cost to the State.

SSC Report: 10-15-07. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 10-22-07. Subcommittee approved the requested as presented.

Approved by: _____

M.D. Goetz, Jr., Commissioner
Department of Finance and Administration